

May 4, 2007

Dear Ambassador Gross,

Thank you for your letter of 24 April 2007 concerning the collection and reporting of broadband statistics. We greatly appreciate your feedback and comments.

The OECD produces data on broadband development as a way to identify the development, diffusion and use of a technology which is viewed as critically important for our economies and assist member countries in evaluating developments and identifying good practices. It follows that all countries need to be confident that data reflect their experience and that there is a range of indicators available to inform policy making. This can lead to questions surrounding how the data is collected and used. The OECD always welcomes these discussions and critical comments as we constantly seek to improve data collection and policy analysis.

We note the issues raised in your letter, particularly the concern about significant "non-subscriber use of broadband" that may not be reflected in OECD broadband reporting.

As you point out, there are several ways to measure the take-up of communication technologies. One is by *subscribers*, as reported by operators to regulators or the relevant government authority. A second is by *surveys of individuals, households and businesses* conducted by official statistical agencies. Each method has its merits and this is why the OECD collects and publishes numerous types of broadband indicators on our website for all countries which provide data.

Take-up and usage data are both important. Subscriber statistics, such those reported by the FCC which we have used in our compilation since 2001, provide very timely and accurate data on a regular basis but do not capture all people using a subscription. This is one of the key deficiencies of subscriber data cited in your letter. Data from surveys, on the other hand, provide a broader picture of how people use a technology but may be less frequently collected and more challenging to harmonise across the 30 OECD countries.

The OECD approach is fully in keeping with the United States' view that broadband discussions should be informed by a range of Indicators including both subscribers and usage. This is why we publish both types of data on our website and complement them with other indicators. The coverage of the OECD

Broadband subscriber data is, of course, limited to subscribers but we consider the methodology used to produce the numbers to be sound. They are updated every six months using data directly from national regulators or company reports such as those filed at places such as the SEC. Internet use by individuals, households and businesses, including the use of broadband when available, are published every two years in the OECD's *Science, Technology and Industry Scoreboard* (www.oecd.org/sti/scoreboard) which includes almost 200 separate indicators of economic performance and annually for the OECD's 15 *Key ICT Indicators* (see: www.oecd.org/sti/ictindicators).

The OECD's Working Party on Indicators for an Information Society (WPIIS) has produced two model surveys -- "Model Survey on ICT Access and Use by Households and Individuals" (2002) and "Model Survey on ICT Access and Use by Businesses" (2001) to complement data on subscribers and provide a more comprehensive range of indicators for policy makers. The surveys were approved by the OECD's ICCP Committee. In the case of the United States, while timely data on *subscribers* are available from the FCC, *survey* data has not been available for several years.

The United States undertook household surveys, as a supplement to its Current Population Survey (CPS), in 1987, 1998, 2000, 2001 and 2003 that contained detailed questions on Internet use. The CPS supplement examined many of the key usage patterns raised in your letter including the use of the Internet at schools and at work, Wi-Fi adoption, and types of Internet access technologies. These data were requested in December 2006 for the 2007 edition of the *STI Scoreboard* but we were told that the official data was no longer being collected due to resource constraints and the burden it imposes on respondents. We are aware that several questions on individual and household access to broadband are under consideration for future surveys and encourage the United States to add these questions to CPS surveys. This will still, however, leave a potential gap in terms of measuring business use of broadband where much of the gains for the economy can be expected and in many of the indicators identified in your letter such as the use of Wi-Fi.

We look forward to working with the United States as we prepare for the 2008 OECD Ministerial on "The Future of the Internet Economy" to be held in Seoul, Korea next year. This important meeting aims to highlight the increasing importance of the Internet as a driver of economic and social development. The upcoming WPIIS meeting (21st May) will discuss a range of indicators from survey data of individuals, households and businesses which it is planned will be made available for the Ministerial and we welcome the views and contributions of the United States.

Analytical research and policy analysis forms the foundation for the Ministerial and, as highlighted by your letter, will extend beyond the member countries of the OECD to include many emerging and developing economies. Now, more than

ever, the OECD needs comparable data that fully capture the context in which broadband services are being accessed, offered, and used.

Finally, we noted that other countries and institutions have a keen interest in the same issues raised in your letter. The OECD, therefore has no objection should you wish to post this response on your (or NTIA's) web site. If you agree, we would also circulate your letter and our response to the members of the OECD Committee on Statistics and the ICCP Committee.

We look forward to continuing to work together with the United States on this important topic.

Yours sincerely,

Angel Gurría